

Adopted	Rejected
---------	----------

## COMMITTEE REPORT

YES:	9
NO:	3

### MR. SPEAKER:

*Your Committee on Public Policy, to which was referred House Bill 1835, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 gaming and to make an appropriation.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 4-31-2-10.5 IS ADDED TO THE INDIANA CODE
- 6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 7 UPON PASSAGE]: **Sec. 10.5. "Live racing day" means a day on**
- 8 **which at least eight (8) live horse races are conducted.**
- 9 SECTION 2. IC 4-31-2-20.7 IS ADDED TO THE INDIANA CODE
- 10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 11 UPON PASSAGE]: **Sec. 20.7. "Slot machine" refers to a slot**
- 12 **machine approved by the Indiana gaming commission for**
- 13 **wagering under IC 4-35.**
- 14 SECTION 3. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county fiscal body may adopt an ordinance permitting the filing of applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county. However, before adopting the ordinance, the county fiscal body must:

- (1) conduct a public hearing on the proposed ordinance; and
- (2) publish notice of the public hearing in the manner prescribed by IC 5-3-1.

(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or
- (2) amend an ordinance already adopted by the county fiscal body to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

**(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended in a manner that restricts a person's ability to conduct gambling games under IC 4-35. An ordinance adopted by the county fiscal body permitting slot machines in the county is not a prerequisite for the lawful operation of slot machines under IC 4-35.**

SECTION 4. IC 4-31-5-9 IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The commission shall determine the dates ~~and the number~~ of racing days authorized under each recognized meeting permit. Except for racing at winterized tracks, a recognized meeting may not be conducted after December 10 of a calendar year.

**(b) The commission shall require at least one hundred sixty (160) live racing days each calendar year at the racetrack**

designated in a permit holder's permit, as follows:

(1) One hundred (100) live racing days must be for standardbreds.

(2) Sixty (60) live racing days must be for horses that are:

(A) mounted by jockeys; and

(B) run on a course without jumps or obstacles.

The requirements of this subsection are a continuing condition for maintaining the permit holder's permit. However, the requirements do not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or another event over which the permit holder has no control.

SECTION 5. IC 4-31-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) As used in this section, "live racing day" means a day on which at least eight (8) live horse races are conducted.

(b) The commission's authority to issue satellite facility licenses is subject to the following conditions:

(1) **Subject to subsection (c)**, the commission may issue four (4) satellite facility licenses to each permit holder that

(A) conducts at least one hundred twenty (120) live racing days per year at the racetrack designated in the permit holder's permit; and

(B) meets the other requirements of this chapter and the rules adopted under this chapter.

If a permit holder that operates satellite facilities does not meet the required minimum number of live racing days, the permit holder may not operate the permit holder's satellite facilities during the following year. However, the requirement for one hundred twenty (120) live racing days does not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or other event over which the permit holder has no control. In addition, if the initial racing meeting conducted by a permit holder commences at such a time as to make it impractical to conduct one hundred twenty (120) live racing days during the permit holder's first year of operations, the commission may authorize the permit holder to conduct simulcast wagering during

1 the first year of operations with fewer than one hundred twenty  
2 (~~120~~) live racing days.

3 (2) Each proposed satellite facility must be covered by a separate  
4 application. The timing for filing an initial application for a  
5 satellite facility license shall be established by the rules of the  
6 commission.

7 (3) A satellite facility must:

8 (A) have full dining service available;

9 (B) have multiple screens to enable each patron to view  
10 simulcast races; and

11 (C) be designed to seat comfortably a minimum of four  
12 hundred (400) persons.

13 (4) In determining whether a proposed satellite facility should be  
14 approved, the commission shall consider the following:

15 (A) The purposes and provisions of this chapter.

16 (B) The public interest.

17 (C) The impact of the proposed satellite facility on live racing.

18 (D) The impact of the proposed satellite facility on the local  
19 community.

20 (E) The potential for job creation.

21 (F) The quality of the physical facilities and the services to be  
22 provided at the proposed satellite facility.

23 (G) Any other factors that the commission considers important  
24 or relevant to its decision.

25 (5) The commission may not issue a license for a satellite facility  
26 to be located in a county unless IC 4-31-4 has been satisfied.

27 **(c) A permit holder licensed to conduct gambling games under**  
28 **IC 4-35 is limited to the number of satellite facility licenses issued**  
29 **to the permit holder before January 1, 2007.**

30 SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS  
31 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A person holding a  
32 permit to conduct a horse racing meeting or a license to operate a  
33 satellite facility may provide a place in the racing meeting grounds or  
34 enclosure or the satellite facility at which the person may conduct and  
35 supervise the pari-mutuel system of wagering by patrons of legal age  
36 on the horse races conducted or simulcast by the person. The person  
37 may not permit or use:

38 (1) another place other than that provided and designated by the

1 person; or

2 (2) another method or system of betting or wagering.

3 **However, a permit holder licensed to conduct gambling games**  
 4 **under IC 4-35 may permit wagering on slot machines at a**  
 5 **racetrack as permitted by IC 4-35.**

6 (b) Except as provided in section 7 of this chapter and IC 4-31-5.5,  
 7 the pari-mutuel system of wagering may not be conducted on any races  
 8 except the races at the racetrack, grounds, or enclosure for which the  
 9 person holds a permit.

10 SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A person less than  
 12 eighteen (18) years of age may not wager at a horse racing meeting.

13 (b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age  
 14 may not enter the grandstand, clubhouse, or similar areas of a racetrack  
 15 at which wagering is permitted unless accompanied by a person who  
 16 is at least twenty-one (21) years of age.

17 (c) A person less than eighteen (18) years of age may not enter a  
 18 satellite facility.

19 **(d) Except as provided by IC 4-35-7-2, a person less than**  
 20 **twenty-one (21) years of age may not enter the area of a racetrack**  
 21 **in which gambling games are conducted under IC 4-35.**

22 SECTION 8. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS  
 23 [EFFECTIVE UPON PASSAGE]: Sec. 1. A person that holds a permit  
 24 to conduct a horse racing meeting or a license to operate a satellite  
 25 facility shall withhold:

26 (1) eighteen percent (18%) of the total of money wagered on each  
 27 day at the racetrack or satellite facility (including money wagered  
 28 on exotic wagering pools, **but excluding money wagered on slot**  
 29 **machines under IC 4-35); plus**

30 (2) an additional three and one-half percent (3.5%) of the total of  
 31 all money wagered on exotic wagering pools on each day at the  
 32 racetrack or satellite facility.

33 SECTION 9. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE  
 34 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
 35 UPON PASSAGE]: **Sec. 17.5. "Slot machine taxes" means the taxes**  
 36 **imposed under IC 4-35-8-1 on the adjusted gross receipts of**  
 37 **gambling games conducted under IC 4-35.**

38 SECTION 10. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,

SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

- 1 (B) admitted to a riverboat during a quarter that has  
 2 implemented flexible scheduling under IC 4-33-6-21;  
 3 shall be paid to the state fair commission, for use in any activity  
 4 that the commission is authorized to carry out under IC 15-1.5-3.
- 5 (5) Except as provided in subsection (k), ten cents (\$0.10) of the  
 6 admissions tax collected by the licensed owner for each person:  
 7 (A) embarking on a gambling excursion during the quarter; or  
 8 (B) admitted to a riverboat during the quarter that has  
 9 implemented flexible scheduling under IC 4-33-6-21;  
 10 shall be paid to the division of mental health and addiction. The  
 11 division shall allocate at least twenty-five percent (25%) of the  
 12 funds derived from the admissions tax to the prevention and  
 13 treatment of compulsive gambling.
- 14 (6) Except as provided in subsection (k) **and section 7 of this**  
 15 **chapter**, sixty-five cents (\$0.65) of the admissions tax collected  
 16 by the licensed owner for each person embarking on a gambling  
 17 excursion during the quarter or admitted to a riverboat during the  
 18 quarter that has implemented flexible scheduling under  
 19 IC 4-33-6-21 shall be paid to the Indiana horse racing commission  
 20 to be distributed as follows, in amounts determined by the Indiana  
 21 horse racing commission, for the promotion and operation of  
 22 horse racing in Indiana:  
 23 (A) To one (1) or more breed development funds established  
 24 by the Indiana horse racing commission under IC 4-31-11-10.  
 25 (B) To a racetrack that was approved by the Indiana horse  
 26 racing commission under IC 4-31. The commission may make  
 27 a grant under this clause only for purses, promotions, and  
 28 routine operations of the racetrack. No grants shall be made  
 29 for long term capital investment or construction, and no grants  
 30 shall be made before the racetrack becomes operational and is  
 31 offering a racing schedule.
- 32 (c) With respect to tax revenue collected from a riverboat located in  
 33 a historic hotel district, the treasurer of state shall quarterly pay the  
 34 following amounts:  
 35 (1) Twenty-five percent (25%) of the admissions tax collected  
 36 during the quarter shall be paid to the county treasurer of the  
 37 county in which the riverboat is docked. The county treasurer  
 38 shall distribute the money received under this subdivision as

1 follows:

2 (A) Twenty percent (20%) shall be quarterly distributed to the  
3 county treasurer of a county having a population of more than  
4 thirty-nine thousand six hundred (39,600) but less than forty  
5 thousand (40,000) for appropriation by the county fiscal body  
6 after receiving a recommendation from the county executive.  
7 The county fiscal body for the receiving county shall provide  
8 for the distribution of the money received under this clause to  
9 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in  
10 the county under a formula established by the county fiscal  
11 body after receiving a recommendation from the county  
12 executive.

13 (B) Twenty percent (20%) shall be quarterly distributed to the  
14 county treasurer of a county having a population of more than  
15 ten thousand seven hundred (10,700) but less than twelve  
16 thousand (12,000) for appropriation by the county fiscal body.  
17 The county fiscal body for the receiving county shall provide  
18 for the distribution of the money received under this clause to  
19 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in  
20 the county under a formula established by the county fiscal  
21 body after receiving a recommendation from the county  
22 executive.

23 (C) Sixty percent (60%) shall be retained by the county where  
24 the riverboat is docked for appropriation by the county fiscal  
25 body after receiving a recommendation from the county  
26 executive. The county fiscal body shall provide for the  
27 distribution of part or all of the money received under this  
28 clause to the following under a formula established by the  
29 county fiscal body:

30 (i) A town having a population of more than two thousand  
31 two hundred (2,200) but less than three thousand five  
32 hundred (3,500) located in a county having a population of  
33 more than nineteen thousand three hundred (19,300) but less  
34 than twenty thousand (20,000).

35 (ii) A town having a population of more than three thousand  
36 five hundred (3,500) located in a county having a population  
37 of more than nineteen thousand three hundred (19,300) but  
38 less than twenty thousand (20,000).



(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

1 (1) Except as provided in subsection (k), one dollar (\$1) of the  
2 admissions tax collected by the licensed owner for each person:

3 (A) embarking on a gambling excursion during the quarter; or

4 (B) admitted to a riverboat during the quarter that has  
5 implemented flexible scheduling under IC 4-33-6-21;

6 shall be paid to the city in which the riverboat is docked.

7 (2) Except as provided in subsection (k), one dollar (\$1) of the  
8 admissions tax collected by the licensed owner for each person:

9 (A) embarking on a gambling excursion during the quarter; or

10 (B) admitted to a riverboat during the quarter that has  
11 implemented flexible scheduling under IC 4-33-6-21;

12 shall be paid to the county in which the riverboat is docked.

13 (3) Except as provided in subsection (k), nine cents (\$0.09) of the  
14 admissions tax collected by the licensed owner for each person:

15 (A) embarking on a gambling excursion during the quarter; or

16 (B) admitted to a riverboat during the quarter that has  
17 implemented flexible scheduling under IC 4-33-6-21;

18 shall be paid to the county convention and visitors bureau or  
19 promotion fund for the county in which the riverboat is docked.

20 (4) Except as provided in subsection (k), one cent (\$0.01) of the  
21 admissions tax collected by the licensed owner for each person:

22 (A) embarking on a gambling excursion during the quarter; or

23 (B) admitted to a riverboat during the quarter that has  
24 implemented flexible scheduling under IC 4-33-6-21;

25 shall be paid to the northwest Indiana law enforcement training  
26 center.

27 (5) Except as provided in subsection (k), fifteen cents (\$0.15) of  
28 the admissions tax collected by the licensed owner for each  
29 person:

30 (A) embarking on a gambling excursion during the quarter; or

31 (B) admitted to a riverboat during a quarter that has  
32 implemented flexible scheduling under IC 4-33-6-21;

33 shall be paid to the state fair commission for use in any activity  
34 that the commission is authorized to carry out under IC 15-1.5-3.

35 (6) Except as provided in subsection (k), ten cents (\$0.10) of the  
36 admissions tax collected by the licensed owner for each person:

37 (A) embarking on a gambling excursion during the quarter; or

38 (B) admitted to a riverboat during the quarter that has

implemented flexible scheduling under IC 4-33-6-21;  
shall be paid to the division of mental health and addiction. The  
division shall allocate at least twenty-five percent (25%) of the  
funds derived from the admissions tax to the prevention and  
treatment of compulsive gambling.

(7) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected  
by the licensed owner for each person embarking on a gambling  
excursion during the quarter or admitted to a riverboat during the  
quarter that has implemented flexible scheduling under  
IC 4-33-6-21 shall be paid to the Indiana horse racing commission  
to be distributed as follows, in amounts determined by the Indiana  
horse racing commission, for the promotion and operation of  
horse racing in Indiana:

(A) To one (1) or more breed development funds established  
by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse  
racing commission under IC 4-31. The commission may make  
a grant under this clause only for purses, promotions, and  
routine operations of the racetrack. No grants shall be made  
for long term capital investment or construction, and no grants  
shall be made before the racetrack becomes operational and is  
offering a racing schedule.

(e) Money paid to a unit of local government under subsection  
(b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be  
deposited in the unit's general fund or riverboat fund established  
under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under  
IC 6-1.1-18.5 but may be used at the discretion of the unit to  
reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit,  
including the pledge of money to bonds, leases, or other  
obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or  
(d)(3) shall be:

(1) deposited in:

- 1 (A) the county convention and visitor promotion fund; or
- 2 (B) the county's general fund if the county does not have a
- 3 convention and visitor promotion fund; and
- 4 (2) used only for the tourism promotion, advertising, and
- 5 economic development activities of the county and community.
- 6 (g) Money received by the division of mental health and addiction
- 7 under subsections (b)(5) and (d)(6):
- 8 (1) is annually appropriated to the division of mental health and
- 9 addiction;
- 10 (2) shall be distributed to the division of mental health and
- 11 addiction at times during each state fiscal year determined by the
- 12 budget agency; and
- 13 (3) shall be used by the division of mental health and addiction
- 14 for programs and facilities for the prevention and treatment of
- 15 addictions to drugs, alcohol, and compulsive gambling, including
- 16 the creation and maintenance of a toll free telephone line to
- 17 provide the public with information about these addictions. The
- 18 division shall allocate at least twenty-five percent (25%) of the
- 19 money received to the prevention and treatment of compulsive
- 20 gambling.
- 21 (h) This subsection applies to the following:
- 22 (1) Each entity receiving money under subsection (b).
- 23 (2) Each entity receiving money under subsection (d)(1) through
- 24 (d)(2).
- 25 (3) Each entity receiving money under subsection (d)(5) through
- 26 (d)(7).
- 27 The treasurer of state shall determine the total amount of money paid
- 28 by the treasurer of state to an entity subject to this subsection during
- 29 the state fiscal year 2002. The amount determined under this subsection
- 30 is the base year revenue for each entity subject to this subsection. The
- 31 treasurer of state shall certify the base year revenue determined under
- 32 this subsection to each entity subject to this subsection.
- 33 (i) This subsection applies to an entity receiving money under
- 34 subsection (d)(3) or (d)(4). The treasurer of state shall determine the
- 35 total amount of money paid by the treasurer of state to the entity
- 36 described in subsection (d)(3) during state fiscal year 2002. The
- 37 amount determined under this subsection multiplied by nine-tenths
- 38 (0.9) is the base year revenue for the entity described in subsection

(d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and
- (2) would otherwise be due to the entity under this section;

to the property tax replacement fund instead of to the entity.

SECTION 11. IC 4-33-12-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7. (a) The maximum amount paid to the Indiana horse racing commission under this article in a state fiscal year ending before July 1, 2009, may not exceed the remainder of:**

- (1) the Indiana horse racing commission's base year revenue as determined under section 6(h) of this chapter; minus**
- (2) the amount of slot machine taxes, if any, distributed to the Indiana horse racing commission under IC 4-35-8-3 in the state fiscal year.**

**(b) For a state fiscal year ending before July 1, 2009, the treasurer of state shall pay an amount equal to the lesser of:**

- (1) the amount of admissions taxes specified in:**
  - (A) section 6(b)(6) of this chapter; and**
  - (B) section 6(d)(7) of this chapter; or**
- (2) the amount of slot machine taxes subtracted from the Indiana horse racing commission's base year revenue under**

1           **subsection (a);**  
 2           **to the Indiana health insurance fund established by IC 4-35-8-8**  
 3           **instead of to the Indiana horse racing commission.**

4           **(c) For a state fiscal year beginning after June 30, 2009, the**  
 5           **Indiana horse racing commission is not entitled to a distribution of**  
 6           **admissions taxes collected under this chapter. After June 30, 2009,**  
 7           **the treasurer of state shall pay the total amount of admissions taxes**  
 8           **specified in:**

9               **(1) section 6(b)(6) of this chapter; and**

10              **(2) section 6(d)(7) of this chapter;**

11           **to the Indiana health insurance fund established by IC 4-35-8-8**  
 12           **instead of to the Indiana horse racing commission.**

13           SECTION 12. IC 4-33-13-5, AS AMENDED BY P.L.91-2006,  
 14           SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15           UPON PASSAGE]: Sec. 5. (a) This subsection does not apply to tax  
 16           revenue remitted by an operating agent operating a riverboat in a  
 17           historic hotel district. After funds are appropriated under section 4 of  
 18           this chapter, each month the treasurer of state shall distribute the tax  
 19           revenue deposited in the state gaming fund under this chapter to the  
 20           following:

21               (1) The first thirty-three million dollars (\$33,000,000) of tax  
 22               revenues collected under this chapter shall be set aside for  
 23               revenue sharing under subsection (e).

24               (2) Subject to subsection (c), twenty-five percent (25%) of the  
 25               remaining tax revenue remitted by each licensed owner shall be  
 26               paid:

27                   (A) to the city that is designated as the home dock of the  
 28                   riverboat from which the tax revenue was collected, in the case  
 29                   of:

30                       (i) a city described in IC 4-33-12-6(b)(1)(A); or

31                       (ii) a city located in a county having a population of more  
 32                       than four hundred thousand (400,000) but less than seven  
 33                       hundred thousand (700,000); or

34                   (B) to the county that is designated as the home dock of the  
 35                   riverboat from which the tax revenue was collected, in the case  
 36                   of a riverboat whose home dock is not in a city described in  
 37                   clause (A).

38               (3) Subject to subsection (d), the remainder of the tax revenue

remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) Thirty-seven and one-half percent (37.5%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Ten percent (10%) shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than

thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive.

The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive.

The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money



1 paid by the treasurer of state to the city or county during the state fiscal  
 2 year 2002. The amount determined is the base year revenue for the city  
 3 or county. The treasurer of state shall certify the base year revenue  
 4 determined under this subsection to the city or county. The total  
 5 amount of money distributed to a city or county under this section  
 6 during a state fiscal year may not exceed the entity's base year revenue.  
 7 For each state fiscal year, the treasurer of state shall pay that part of the  
 8 riverboat wagering taxes that:

- 9 (1) exceeds a particular city's or county's base year revenue; and
- 10 (2) would otherwise be due to the city or county under this
- 11 section;

12 to the property tax replacement fund instead of to the city or county.

13 (d) Each state fiscal year the treasurer of state shall transfer from the  
 14 tax revenue remitted to the property tax replacement fund under  
 15 subsection (a)(3) to the build Indiana fund an amount that when added  
 16 to the following may not exceed two hundred fifty million dollars  
 17 (\$250,000,000):

- 18 (1) Surplus lottery revenues under IC 4-30-17-3.
- 19 (2) Surplus revenue from the charity gaming enforcement fund
- 20 under IC 4-32.2-7-7.
- 21 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

22 The treasurer of state shall make transfers on a monthly basis as needed  
 23 to meet the obligations of the build Indiana fund. If in any state fiscal  
 24 year insufficient money is transferred to the property tax replacement  
 25 fund under subsection (a)(3) to comply with this subsection, the  
 26 treasurer of state shall reduce the amount transferred to the build  
 27 Indiana fund to the amount available in the property tax replacement  
 28 fund from the transfers under subsection (a)(3) for the state fiscal year.

29 (e) Before August 15 of each year, the treasurer of state shall  
 30 distribute the wagering taxes set aside for revenue sharing under  
 31 subsection (a)(1) to the county treasurer of each county that does not  
 32 have a riverboat **or a racetrack that offers slot machine wagering**  
 33 **under IC 4-35** according to the ratio that the county's population bears  
 34 to the total population of the counties that do not have a riverboat **or a**  
 35 **racetrack that offers slot machine wagering under IC 4-35**. Except  
 36 as provided in subsection (h), the county auditor shall distribute the  
 37 money received by the county under this subsection as follows:

- 38 (1) To each city located in the county according to the ratio the

city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. **Except as provided in subsection (i),** the amount of ~~the~~ **an entity's** supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under

1 IC 4-33-12-6); minus

2 (2) the sum of:

3 (A) the total amount of money distributed to the entity during  
4 the preceding state fiscal year under IC 4-33-12-6; plus

5 (B) any amounts deducted under IC 6-3.1-20-7.

6 (h) This subsection applies only to a county containing a  
7 consolidated city. The county auditor shall distribute the money  
8 received by the county under subsection (e) as follows:

9 (1) To each city, other than a consolidated city, located in the  
10 county according to the ratio that the city's population bears to the  
11 total population of the county.

12 (2) To each town located in the county according to the ratio that  
13 the town's population bears to the total population of the county.

14 (3) After the distributions required in subdivisions (1) and (2) are  
15 made, the remainder shall be paid in equal amounts to the  
16 consolidated city and the county.

17 **(i) This subsection applies only to the Indiana horse racing**  
18 **commission. For a state fiscal year ending before July 1, 2009, the**  
19 **amount of the Indiana horse racing commission's supplemental**  
20 **distribution under subsection (g) must be reduced by the amount**  
21 **required to comply with IC 4-33-12-7(a). For a state fiscal year**  
22 **beginning after June 30, 2009, the Indiana horse racing**  
23 **commission is not entitled to a supplemental distribution under**  
24 **subsection (g).**

25 SECTION 13. IC 4-33-18-9, AS AMENDED BY P.L.91-2006,  
26 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 UPON PASSAGE]: Sec. 9. (a) Nothing in this chapter may be  
28 construed to limit the powers or responsibilities of:

29 (1) the ~~Indiana state~~ lottery commission under IC 4-30;

30 (2) the Indiana horse racing commission under IC 4-31; or

31 (3) the Indiana gaming commission under IC 4-32.2, ~~or~~ IC 4-33,  
32 **or IC 4-35.**

33 (b) The department may not exercise any administrative or  
34 regulatory powers with respect to:

35 (1) the Indiana lottery under IC 4-30;

36 (2) pari-mutuel horse racing under IC 4-31;

37 (3) charity gaming under IC 4-32.2; ~~or~~

38 (4) riverboat casino gambling under IC 4-33; **or**

1           **(5) gambling games conducted at a racetrack (as defined in**  
 2           **IC 4-35-2-8) under IC 4-35.**

3           SECTION 14. IC 4-35 IS ADDED TO THE INDIANA CODE AS  
 4           A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON  
 5           PASSAGE]:

6           **ARTICLE 35. GAMBLING GAMES AT RACETRACKS**

7           **Chapter 1. Application**

8           **Sec. 1. This article applies only to gambling games conducted by**  
 9           **a permit holder holding a gambling game license issued under**  
 10          **IC 4-35-5.**

11          **Chapter 2. Definitions**

12          **Sec. 1. The definitions in this chapter apply throughout this**  
 13          **article.**

14          **Sec. 2. "Adjusted gross receipts" means:**

15           **(1) the total of all cash and property (including checks**  
 16           **received by a licensee, whether collected or not) received by**  
 17           **a licensee from gambling games; minus**

18           **(2) the total of:**

19           **(A) all cash paid out to patrons as winnings for gambling**  
 20           **games; and**

21           **(B) uncollectible gambling game receivables, not to exceed**  
 22           **the lesser of:**

23           **(i) a reasonable provision for uncollectible patron checks**  
 24           **received from gambling games; or**

25           **(ii) two percent (2%) of the total of all sums, including**  
 26           **checks, whether collected or not, less the amount paid**  
 27           **out to patrons as winnings for gambling games.**

28          **For purposes of this section, a counter or personal check that is**  
 29          **invalid or unenforceable under this article is considered cash**  
 30          **received by the licensee from gambling games.**

31          **Sec. 3. "Commission" refers to the Indiana gaming commission**  
 32          **established by IC 4-33-3-1.**

33          **Sec. 4. "Department" refers to the department of state revenue.**

34          **Sec. 5. "Gambling game" means a game played on a slot**  
 35          **machine approved for wagering under this article by the**  
 36          **commission.**

37          **Sec. 6. "Licensee" means a permit holder holding a gambling**  
 38          **game license issued under IC 4-35-5.**

1       **Sec. 7. "Permit holder"** means a person holding a permit issued  
2       under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.

3       **Sec. 8. "Racetrack"** means the racetrack specified in a permit  
4       holder's permit to conduct a pari-mutuel horse racing meeting.

5       **Sec. 9. "Supplier's license"** means a license issued under  
6       IC 4-35-6.

7       **Chapter 3. General Provisions**

8       **Sec. 1.** All shipments of slot machines to licensees in Indiana, the  
9       registering, recording, and labeling of which have been completed  
10      by the manufacturer or dealer in accordance with 15 U.S.C. 1171  
11      through 15 U.S.C. 1178, are legal shipments of gambling devices  
12      into Indiana.

13      **Sec. 2.** Under 15 U.S.C. 1172, approved January 2, 1951, the  
14      state of Indiana, acting by and through elected and qualified  
15      members of the general assembly, declares that the state is exempt  
16      from 15 U.S.C. 1172.

17      **Chapter 4. Powers and Duties of the Indiana Gaming**  
18      **Commission**

19      **Sec. 1.** The commission shall regulate and administer gambling  
20      games conducted by a licensee under this article.

21      **Sec. 2.** The commission shall do the following:

22          (1) Adopt rules under IC 4-22-2 that the commission  
23          determines are necessary to protect or enhance the following:

24              (A) The credibility and integrity of gambling games  
25              authorized under this article.

26              (B) The regulatory process provided in this article.

27          (2) Conduct all hearings concerning civil violations of this  
28          article.

29          (3) Provide for the establishment and collection of license fees  
30          imposed under this article, and deposit the license fees in the  
31          state general fund.

32          (4) Levy and collect penalties for noncriminal violations of  
33          this article and deposit the penalties in the state general fund.

34          (5) Adopt appropriate standards for the design, appearance,  
35          aesthetics, and construction of slot machine facilities  
36          authorized under this article.

37      **Sec. 3.** The commission shall adopt rules under IC 4-22-2 for the  
38      following purposes:

1           **(1) Administering this article.**

2           **(2) Establishing the conditions under which gambling games**  
 3           **at racetracks may be conducted.**

4           **(3) Providing for the prevention of practices detrimental to**  
 5           **the public interest.**

6           **(4) Establishing rules concerning the inspection of gambling**  
 7           **game facilities at racetracks and the review of the licenses**  
 8           **necessary to conduct gambling games under this article.**

9           **(5) Imposing penalties for noncriminal violations of this**  
 10           **article.**

11           **Sec. 4. The commission may enter into a contract with the**  
 12           **Indiana horse racing commission for the provision of services**  
 13           **necessary to administer this article.**

14           **Chapter 5. Gambling Game License**

15           **Sec. 1. The commission may issue a license to a permit holder to**  
 16           **conduct gambling games under this article at the permit holder's**  
 17           **racetrack. The number of licenses issued under this chapter may**  
 18           **not exceed two (2).**

19           **Sec. 2. Before issuing a license to a person under this chapter,**  
 20           **the commission shall subject the person to a background**  
 21           **investigation similar to a background investigation required for an**  
 22           **applicant for a riverboat owner's license under IC 4-33-6.**

23           **Sec. 3. A permit holder that is issued a gambling game license**  
 24           **under this article must pay an initial licensing fee of seventy-five**  
 25           **million dollars (\$75,000,000). The fee required under this section**  
 26           **must be paid to the commission before September 1, 2007.**

27           **Sec. 4. (a) An initial gambling game license expires ten (10)**  
 28           **years after the effective date of the license. Unless the gambling**  
 29           **game license is terminated or revoked, the gambling game license**  
 30           **may be renewed annually thereafter upon:**

31                   **(1) the payment of an annual renewal fee of five thousand**  
 32                   **dollars (\$5,000); and**

33                   **(2) a determination by the commission that the licensee**  
 34                   **satisfies the conditions of this chapter.**

35           **(b) An initial gambling game license must be held by the licensee**  
 36           **for at least ten (10) years**

37           **Sec. 5. (a) The commission shall conduct a complete**  
 38           **investigation of each licensee every three (3) years to determine**

1 whether the licensee remains in compliance with this article.

2 (b) Notwithstanding subsection (a), the commission may  
3 investigate a licensee at any time the commission determines it is  
4 necessary to ensure that the licensee remains in compliance with  
5 this article.

6 Sec. 6. A permit holder or other person investigated under this  
7 chapter shall bear the cost of the investigation.

8 Sec. 7. (a) A licensee or any other person must apply for and  
9 receive the commission's approval before:

10 (1) a gambling game license is:

11 (A) transferred;

12 (B) sold; or

13 (C) purchased; or

14 (2) a voting trust agreement or other similar agreement is  
15 established with respect to the gambling game license.

16 (b) The commission shall adopt rules governing the procedure  
17 a licensee or other person must follow to take an action under  
18 subsection (a). The rules must specify that a person who obtains an  
19 ownership interest in a gambling game license must meet the  
20 criteria of this article and comply with the rules adopted by the  
21 commission. A licensee may transfer a gambling game license only  
22 in accordance with this article and the rules adopted by the  
23 commission.

24 (c) A person may not:

25 (1) lease;

26 (2) hypothecate; or

27 (3) borrow or loan money against;

28 a gambling game license.

29 (d) A transfer fee is imposed on a person who sells or otherwise  
30 relinquishes a controlling interest, as determined under the rules  
31 of the commission, in a gambling game license. The fee is equal to  
32 the greater of:

33 (1) zero (0); or

34 (2) the product of:

35 (A) five-tenths (0.5); multiplied by

36 (B) the result of:

37 (i) the amount of the selling price of the controlling  
38 interest; minus

1 (ii) seventy-five million dollars (\$75,000,000).

2 **Sec. 8. The commission shall transfer:**

3 (1) fees collected under this chapter; and

4 (2) all investigation costs recovered under this chapter;  
5 to the treasurer of state for deposit in the state general fund.

6 **Chapter 6. Slot Machine Suppliers**

7 **Sec. 1. The commission may issue a supplier's license under this**  
8 **chapter to a person if:**

9 (1) the person has:

10 (A) applied for the supplier's license;

11 (B) paid a nonrefundable application fee set by the  
12 commission;

13 (C) paid a five thousand dollar (\$5,000) annual supplier's  
14 license fee; and

15 (D) submitted, on forms provided by the commission, two

16 (2) sets of:

17 (i) the individual's fingerprints, if the applicant is an  
18 individual; or

19 (ii) fingerprints for each officer and director of the  
20 applicant, if the applicant is not an individual; and

21 (2) the commission has determined that the applicant is  
22 eligible for a supplier's license.

23 **Sec. 2. A person may not receive a supplier's license under this**  
24 **chapter if:**

25 (1) the person has been convicted of a felony under Indiana  
26 law, the laws of any other state, or the laws of the United  
27 States;

28 (2) the person has knowingly or intentionally submitted an  
29 application for a supplier's license under this chapter that  
30 contains false information;

31 (3) the person is a member of the commission;

32 (4) the person is an officer, a director, or a managerial  
33 employee of a person described in subdivision (1) or (2);

34 (5) the person employs an individual who:

35 (A) is described in subdivision (1), (2), or (3); or

36 (B) participates in the management or operation of  
37 gambling operations authorized under this article;

38 (6) the person owns more than a ten percent (10%) ownership



1 interest in any other person holding a permit issued under  
2 IC 4-31; or

3 (7) a license issued to the person:

4 (A) under this article;

5 (B) under IC 4-33-7; or

6 (C) to supply gaming supplies in another jurisdiction;

7 has been revoked.

8 **Sec. 3. A holder of a supplier's license may:**

9 (1) sell;

10 (2) lease; or

11 (3) contract to sell or lease;

12 a slot machine to a licensee.

13 **Sec. 4. A person may not furnish slot machines to a licensee**  
14 **unless the person possesses a supplier's license.**

15 **Sec. 5. A slot machine may not be distributed for use under this**  
16 **article unless the slot machine conforms to standards adopted by**  
17 **the commission.**

18 **Sec. 6. (a) A supplier shall furnish to the commission a list of all**  
19 **slot machines offered for sale or lease in connection with gambling**  
20 **games authorized under this article.**

21 **(b) A supplier shall keep books and records for the furnishing**  
22 **of slot machines to licensees. The books and records required**  
23 **under this subsection must be kept separate from the books and**  
24 **records of any other business operated by the supplier.**

25 **(c) A supplier shall file a quarterly return with the commission**  
26 **listing all sales and leases.**

27 **(d) A supplier shall permanently affix the supplier's name to all**  
28 **slot machines that the supplier provides to licensees under this**  
29 **chapter.**

30 **Sec. 7. If the commission determines that a supplier's slot**  
31 **machine has been used by a person in an unauthorized gambling**  
32 **operation, the slot machine shall be forfeited to the state.**

33 **Sec. 8. Slot machines operated under this article may be:**

34 (1) repaired on the premises of a racetrack; or

35 (2) removed for repair from the racetrack to a facility owned  
36 by the licensee.

37 **Sec. 9. (a) Unless a supplier's license is suspended, expires, or is**  
38 **revoked, the supplier's license may be renewed annually upon:**

(1) the payment of a five thousand dollar (\$5,000) annual renewal fee; and

(2) a determination by the commission that the holder of the supplier's license is in compliance with this article.

(b) The commission shall conduct a complete investigation of each holder of a supplier's license every three (3) years to determine whether the holder of the supplier's license is in compliance with this article.

(c) Notwithstanding subsection (b), the commission may investigate the holder of a supplier's license at any time the commission determines it is necessary to ensure that the holder of the supplier's license is in compliance with this article.

(d) The holder of a supplier's license shall bear the cost of an investigation or a reinvestigation of the licensee and any investigation resulting from a potential transfer of ownership.

**Sec. 10. The commission shall transfer:**

(1) fees collected under this chapter; and

(2) all investigation costs recovered under this chapter;  
to the treasurer of state for deposit in the state general fund.

#### **Chapter 7. Conduct of Gambling Games at Racetracks**

**Sec. 1. Gambling games authorized under this article may not be conducted anywhere other than a slot machine facility located at a racetrack.**

**Sec. 2. (a) A person who is less than twenty-one (21) years of age may not wager on a slot machine.**

(b) Except as provided in subsection (c), a person who is less than twenty-one (21) years of age may not be present in the area of a racetrack where gambling games are conducted.

(c) A person who is at least eighteen (18) years of age and who is an employee of the racetrack may be present in the area of the racetrack where gambling games are conducted. However, an employee who is less than twenty-one (21) years of age may not perform any function involving gambling by the patrons of the licensee's slot machine facility.

**Sec. 3. Minimum and maximum wagers on gambling games shall be determined by the licensee.**

**Sec. 4. The following may inspect a licensee's slot machine facility at any time to determine if this article is being violated:**

1           (1) Employees of the commission.

2           (2) Officers of the state police department.

3           **Sec. 5.** Employees of the commission have the right to be present  
4 in a licensee's slot machine facility.

5           **Sec. 6.** A slot machine may be purchased or leased only from a  
6 supplier licensed under this article.

7           **Sec. 7.** Slot machine wagering is the only form of wagering  
8 permitted in a licensee's slot machine facility.

9           **Sec. 8.** Wagers may be received only from a person present in a  
10 licensee's slot machine facility. A person present in a licensee's slot  
11 machine facility may not place or attempt to place a wager on  
12 behalf of a person who is not present in the licensee's slot machine  
13 facility.

14           **Sec. 9.** Wagering may not be conducted with money or other  
15 negotiable currency.

16           **Sec. 10. (a)** A patron may make a wager at a racetrack only by  
17 means of:

18               (1) a token; or

19               (2) an electronic card;

20 purchased from a licensee at the licensee's racetrack.

21           (b) A token or an electronic card may be purchased by means  
22 of an agreement under which a licensee extends credit to the  
23 patron.

24           **Sec. 11.** A token or an electronic card described in section 10 of  
25 this chapter may be used by a patron while the patron is present at  
26 the racetrack only to make a wager on a slot machine authorized  
27 under this article.

28           **Sec. 12. (a)** A licensee may not initially install more than two  
29 thousand five hundred (2,500) slot machines on the premises of the  
30 licensee's racetrack.

31           (b) A licensee may not install additional slot machines on the  
32 premises of the licensee's racetrack unless the installation is  
33 approved by the commission.

34           **Sec. 13. (a)** The Indiana horse racing commission shall enforce  
35 the requirements of this section.

36           (b) A licensee shall annually devote to horse racing purses an  
37 amount equal to at least fifteen percent (15%) of the adjusted gross  
38 receipts from slot machine wagering at the licensee's racetrack.

1 (c) The commission shall provide the Indiana horse racing  
2 commission with the information necessary to enforce this section.

3 (d) The Indiana horse racing commission shall investigate any  
4 complaint that a licensee has failed to comply with the horse racing  
5 purse requirements set forth in this section. If, after notice and a  
6 hearing, the Indiana horse racing commission finds that a licensee  
7 has failed to comply with the purse requirements set forth in this  
8 section, the Indiana horse racing commission may:

9 (1) issue a warning to the licensee;

10 (2) impose a civil penalty that may not exceed one million  
11 dollars (\$1,000,000); or

12 (3) suspend a meeting permit issued under IC 4-31-5 to  
13 conduct a pari-mutuel wagering horse racing meeting in  
14 Indiana.

15 (e) A civil penalty collected under this section must be deposited  
16 in the Indiana health insurance fund established by IC 4-35-8-8.

#### 17 Chapter 8. Taxation of Slot Machine Wagering

18 Sec. 1. (a) A slot machine wagering tax is imposed on the  
19 adjusted gross receipts received from wagering on gambling games  
20 authorized by this article at the rate of:

21 (1) thirty-two and five-tenths percent (32.5%) of the first one  
22 hundred fifty million dollars (\$150,000,000) of the adjusted  
23 gross receipts received during the period beginning July 1 of  
24 each year and ending June 30 of the following year; and

25 (2) thirty-seven and five-tenths percent (37.5%) of the  
26 adjusted gross receipts exceeding one hundred fifty million  
27 dollars (\$150,000,000) received during the period beginning  
28 July 1 of each year and ending June 30 of the following year.

29 (b) A licensee shall remit the tax imposed by this section to the  
30 department before the close of the business day following the day  
31 the wagers are made.

32 (c) The department may require payment under this section to  
33 be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

34 (d) If the department requires taxes to be remitted under this  
35 chapter through electronic funds transfer, the department may  
36 allow the licensee to file a monthly report to reconcile the amounts  
37 remitted to the department.

38 (e) The payment of the tax under this section must be on a form

1 prescribed by the department.

2 Sec. 2. (a) The state racetrack gaming fund is established.

3 (b) The department shall deposit tax revenue collected under  
4 section 1 of this chapter in the state racetrack gaming fund.

5 (c) Money in the state racetrack gaming fund is continuously  
6 appropriated for the purposes of this chapter.

7 Sec. 3. (a) This section applies to the first twenty-seven million  
8 two hundred five thousand two hundred eighty-four dollars  
9 (\$27,205,284) deposited in the state racetrack gaming fund in a  
10 state fiscal year ending before July 1, 2009.

11 (b) Before the fifteenth day of each month, the treasurer of state  
12 shall distribute the tax revenue deposited in the state racetrack  
13 gaming fund in the preceding month to the Indiana horse racing  
14 commission to be distributed in amounts determined by the  
15 Indiana horse racing commission as follows:

16 (1) To one (1) or more breed development funds established  
17 by the Indiana horse racing commission under IC 4-31-11-10.

18 (2) To a racetrack that was approved by the Indiana horse  
19 racing commission under IC 4-31. The commission may make  
20 a grant under this subdivision only for purses, promotions,  
21 and routine operations of the racetrack. A grant may not be  
22 made for long term capital investment or construction, and a  
23 grant may not be made before the racetrack becomes  
24 operational and is offering a racing schedule.

25 Sec. 4. (a) This section applies to the tax revenue deposited in  
26 the state racetrack gaming fund that exceeds twenty-seven million  
27 two hundred five thousand two hundred eighty-four dollars  
28 (\$27,205,284) in a state fiscal year ending before July 1, 2009.

29 (b) The treasurer of state shall transfer the tax revenue  
30 described in subsection (a) to the state general fund.

31 Sec. 5. (a) This section applies to a state fiscal year beginning  
32 after June 30, 2009.

33 (b) Before the fifteenth day of each month, the treasurer of state  
34 shall transfer the tax revenue deposited in the state racetrack  
35 gaming fund in the previous month as follows:

36 (1) An amount equal to twenty percent (20%) of the tax  
37 revenue remitted in the previous month by the racetrack  
38 located in Madison County to the treasurer of Madison

1 County.

2 (2) An amount equal to twenty percent (20%) of the tax  
3 revenue remitted in the previous month by the racetrack  
4 located in Shelby County to the treasurer of Shelby County.

5 (3) The remaining tax revenue deposited in the state racetrack  
6 gaming fund in the previous month to the state general fund.

7 Sec. 6. The auditor of each county containing a racetrack shall  
8 distribute the tax revenues transferred to the county under section  
9 5 of this chapter as follows:

10 (1) To each city located in the county according to the ratio  
11 the city's population bears to the total population of the  
12 county.

13 (2) To each town located in the county according to the ratio  
14 the town's population bears to the total population of the  
15 county.

16 (3) After the distributions required in subdivisions (1) and (2)  
17 are made, the remainder shall be retained by the county.

18 Sec. 7. (a) As used in this section, "political subdivision" means  
19 a county, city, or town.

20 (b) Money paid to a political subdivision under this chapter:

21 (1) must be paid to the fiscal officer of the political subdivision  
22 and must be deposited in the political subdivision's general  
23 fund;

24 (2) may not be used to reduce the political subdivision's  
25 maximum levy under IC 6-1.1 but may be used at the  
26 discretion of the political subdivision to reduce the property  
27 tax levy of the political subdivision for a particular year;

28 (3) may be used for any purpose specified in this chapter or  
29 for any other legal or corporate purpose of the political  
30 subdivision, including the pledge of money to bonds, leases, or  
31 other obligations under IC 5-1-14-4; and

32 (4) is considered miscellaneous revenue.

33 Sec. 8. (a) As used in this section, "fund" refers to the Indiana  
34 health insurance fund established under subsection (b).

35 (b) The Indiana health insurance fund is established. The fund  
36 consists of amounts deposited under IC 4-33 and this article.

37 (c) The fund shall be administered by the treasurer of state. The  
38 treasurer of state shall invest the money in the fund not currently

needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(d) Money in the fund must be used to provide health insurance to Indiana residents who reside in a household with an annual household income that is less than three hundred percent (300%) of the federal income poverty level.

(e) Money in the fund is continuously appropriated for the purposes of this section.

#### **Chapter 9. Penalties**

**Sec. 1.** This chapter applies only to gambling games authorized under this article.

**Sec. 2.** A person who knowingly or intentionally aids, induces, or causes a person who is:

(1) less than twenty-one (21) years of age; and

(2) not an employee of a licensee;

to enter or attempt to enter the licensee's slot machine facility commits a Class A misdemeanor.

**Sec. 3.** A person who:

(1) is not an employee of a licensee;

(2) is less than twenty-one (21) years of age; and

(3) knowingly or intentionally enters the licensee's slot machine facility;

commits a Class A misdemeanor.

**Sec. 4.** A person who knowingly or intentionally:

(1) makes a false statement on an application submitted under this article;

(2) conducts a gambling game in a manner other than the manner required under this article; or

(3) wagers or accepts a wager at a location other than a licensee's slot machine facility;

commits a Class A misdemeanor.

**Sec. 5.** A person who knowingly or intentionally does any of the following commits a Class D felony:

(1) Offers, promises, or gives anything of value or benefit:

(A) to a person who is connected with a licensee, including

- 1           an officer or employee of a licensee; and  
2           **(B) under an agreement to influence or with the intent to**  
3           **influence:**  
4               (i) the actions of the person to whom the offer, promise,  
5               or gift was made in order to affect or attempt to affect  
6               the outcome of a gambling game; or  
7               (ii) an official action of a commission member.  
8           **(2) Solicits, accepts, or receives a promise of anything of value**  
9           **or benefit:**  
10               (A) while the person is connected with a licensee, including  
11               as an officer or employee of a licensee; and  
12               **(B) under an agreement to influence or with the intent to**  
13               **influence:**  
14               (i) the actions of the person to affect or attempt to affect  
15               the outcome of a gambling game; or  
16               (ii) an official action of a commission member.  
17           **(3) Uses or possesses with the intent to use a device to assist**  
18           **in:**  
19               (A) projecting the outcome of a gambling game;  
20               (B) analyzing the probability of the occurrence of an event  
21               related to a gambling game; or  
22               (C) analyzing the strategy for playing or betting to be used  
23               in a gambling game, except as permitted by the  
24               commission.  
25           **(4) Cheats at a gambling game.**  
26           **(5) Manufactures, sells, or distributes any game or device that**  
27           **is intended to be used to violate this article.**  
28           **(6) Alters or misrepresents the outcome of a gambling game**  
29           **on which wagers have been made after the outcome is made**  
30           **sure but before the outcome is revealed to the players.**  
31           **(7) Places a bet on the outcome of a gambling game after**  
32           **acquiring knowledge that:**  
33               (A) is not available to all players; and  
34               (B) concerns the outcome of the gambling game that is the  
35               subject of the bet.  
36           **(8) Aids a person in acquiring the knowledge described in**  
37           **subdivision (7) to place a bet contingent on the outcome of a**  
38           **gambling game.**



(9) Claims, collects, takes, or attempts to claim, collect, or take money or anything of value in or from a gambling game:

(A) with the intent to defraud; or

(B) without having made a wager contingent on winning a gambling game.

(10) Claims, collects, or takes an amount of money or a thing of value that is of greater value than the amount won in a gambling game.

(11) Uses or possesses counterfeit tokens in or for use in a gambling game.

(12) Possesses a key or device designed for:

(A) opening, entering, or affecting the operation of a gambling game, a drop box, or an electronic or a mechanical device connected with the gambling game; or

(B) removing coins, tokens, or other contents of a gambling game.

This subdivision does not apply to a licensee or an employee of a licensee acting in the course of the employee's employment.

(13) Possesses materials used to manufacture a slug or device intended to be used in a manner that violates this article.

## **Chapter 10. Employment**

**Sec. 1. (a)** This section applies if a permit holder's employees are covered under the terms of a collective bargaining agreement that is in effect at the time a gambling game license is issued to the permit holder under IC 4-35-5.

**(b)** If a permit holder has nonsupervisory employees whose work is:

(1) directly related to:

(A) pari-mutuel terminal operations; or

(B) money room functions associated with pari-mutuel wagering on horse racing; and

(2) covered under the terms of a collective bargaining agreement;

the permit holder shall, subject to subsection (c), staff nonsupervisory positions directly related to the operation of gambling games under this article with employees whose work is covered under the terms of a collective bargaining agreement.

1       (c) The employees described in subsection (b) must be qualified  
 2       to meet the licensing requirements of this article and any criteria  
 3       required by the commission in rules adopted under IC 4-22-2.

4       Sec. 2. The job classifications, job duties, wage rates, and  
 5       benefits of nonsupervisory positions related to gambling games  
 6       may be established by agreement of the parties to a collective  
 7       bargaining agreement or, in the absence of an agreement, by the  
 8       permit holder.

9       SECTION 15. IC 6-8.1-1-1, AS AMENDED BY P.L.162-2006,  
 10       SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11       UPON PASSAGE]: Sec. 1. "Listed taxes" or "taxes" includes only the  
 12       pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat  
 13       admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13);  
 14       **the slot machine wagering tax (IC 4-35-8)**; the gross income tax  
 15       (IC 6-2.1) (repealed); the utility receipts and utility services use taxes  
 16       (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted  
 17       gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8)  
 18       (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the  
 19       county option income tax (IC 6-3.5-6); the county economic  
 20       development income tax (IC 6-3.5-7); the municipal option income tax  
 21       (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial  
 22       institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative  
 23       fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor  
 24       carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a  
 25       reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax  
 26       (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the  
 27       hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1);  
 28       the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the  
 29       wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5);  
 30       the malt excise tax (IC 7.1-4-5); the petroleum severance tax  
 31       (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and  
 32       beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and  
 33       IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and  
 34       hazardous chemical inventory form fee (IC 6-6-10); the penalties  
 35       assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and  
 36       penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the  
 37       underground storage tank fee (IC 13-23); the solid waste management  
 38       fee (IC 13-20-22); and any other tax or fee that the department is

1 required to collect or administer.

2 SECTION 16. IC 35-45-5-7, AS AMENDED BY P.L.91-2006,  
3 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 UPON PASSAGE]: Sec. 7. This chapter does not apply to the  
5 publication or broadcast of an advertisement, a list of prizes, or other  
6 information concerning:

7 (1) pari-mutuel wagering on horse races or a lottery authorized by  
8 the law of any state; ~~or~~

9 (2) a game of chance operated in accordance with IC 4-32.2; **or**  
10 **(3) a gambling game operated in accordance with IC 4-35.**

11 SECTION 17. IC 35-45-5-11 IS ADDED TO THE INDIANA  
12 CODE AS A NEW SECTION TO READ AS FOLLOWS  
13 [EFFECTIVE UPON PASSAGE]: **Sec. 11. This chapter does not**  
14 **apply to a gambling game authorized by IC 4-35.**

15 SECTION 18. [EFFECTIVE UPON PASSAGE] **(a) If the Indiana**  
16 **gaming commission determines that a permit holder (as defined in**  
17 **IC 4-35-2-7, as added by this act) has met the requirements of this**  
18 **act, the Indiana gaming commission shall adopt a resolution**  
19 **authorizing the permit holder to conduct gambling games under**  
20 **IC 4-35, as added by this act. The Indiana gaming commission may**  
21 **exercise any power necessary to implement this act under a**  
22 **resolution authorized under this SECTION.**

23 **(b) Subject to subsection (c), the Indiana gaming commission**  
24 **shall authorize a permit holder to conduct gambling games in a**  
25 **temporary facility upon the Indiana gaming commission's approval**  
26 **of the permit holder's plans for a permanent facility. Gambling**  
27 **games may be conducted in a temporary facility under this**  
28 **SECTION for not more than eighteen (18) months.**

29 **(c) The Indiana gaming commission may not approve gambling**  
30 **games in a temporary facility under this SECTION unless the**  
31 **temporary facility is located at a permit holder's race track or on**

- 1        **real estate that is adjacent to the permit holder's race track.**
- 2        **(d) This SECTION expires January 1, 2010.**
- 3        **SECTION 19. An emergency is declared for this act.**  
          (Reference is to HB 1835 as introduced.)

**and when so amended that said bill do pass.**

---

Representative Van Haaften